ernmental supervisors and inspectors of supervisors. Among the rules laid down by the government is one which discriminates in favor of unionized laborers, a well-known method of boosting the costs of housing construction.

## Some Hidden Costs

NOT ALL of the high cost of "low-rent government housing" is revealed by a direct comparison of construction costs for public versus private housing projects. The public housing calls for continuing subsidy, not only by way of federally collected tax funds, but also by way of the added burden of local taxes upon the property owners of the community in which the partially tax-exempt housing project is located.

Some citizens of Los Angeles recently took the trouble to look into the total costs which might be involved in a proposed 10,000-unit public housing program in their community. The cost of construction was to have been $11,000 a unit. Their conclusion was that "the taxpayers would be much better off . . . to build 10,000 houses costing $11,000 each and give them away than to build and subsidize the 10,000-unit public housing program."[6]

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[6] *Rose Hills Report,* Monterey Woods Improvement Association, 4400 Sinova Street, Los Angeles, California, January, 1953, p. 11.



## Comparative Costs

IT MUST be recognized that any attempt to compare the costs of public versus private housing can never be more than an estimate. When the government goes into business, it does not abide by the rules of exchange and accounting which are observed by ordinary citizens. In the first place, government housing projects are seldom located according to the market demand for housing. Public housing projects often spring up on land which private citizens would reject as a site for a new home. And once the site has been determined, the government is not bound by ordinary methods of acquiring title from present owners. The "just compensation" to an owner is seldom the same as the price which might have been determined by competitive bargaining between willing buyers and willing sellers.

The payment which the government may offer in lieu of local property taxes is not calculated according to the usual tax formula. The rate of interest which the government allows on funds invested in such a project is not necessarily related to the going market rate. And, finally, it can never be known just what part of the expense of central planning and supervision is properly chargeable to any particular local housing project.